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FISCAL IMPACT STATEMENT

LS 6695

BILL NUMBER: SB 191

NOTE PREPARED: Apr 14, 2009

BILL AMENDED: Apr 14, 2009

SUBJECT: Alternative Placements for Certain Students.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. Porter

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- (1) Allows a student in a public school who has disruptive behavior to be placed in another setting including certain nonpublic schools and alternative schools operated by the juvenile court in that county.
- (2) It provides that if the other setting is a public school in another school corporation, the school corporation in which the student has legal settlement must pay the student's tuition.
- (3) It provides that if the other setting is a public school in another school corporation, the school corporation in which the student has legal settlement must pay the student's tuition.
- (4) Sets a cap on the amount that the school corporation may expend for tuition for the student.
- (5) Requires the consent of the superintendent or administrative authority of the school where the student is placed.
- (6) Allows school personnel of a school who has a disruptive student to take any reasonable disciplinary action to maintain a safe and disciplined learning environment.
- (7) Provides that placement for a student who is a child with a disability must be done in accordance with the student's individualized education program and in compliance with state and federal law.
- (8) Provides that, until July 1, 2010, the Indiana Soldiers' and Sailors' Children's Home: (a) must continue to offer services to eligible children in need of residential care; and (b) must not reduce staffing levels and job classifications below those in effect at the home on January 1, 2009.
- (9) Prohibits the State Health Commissioner, prior to July 1, 2010, from removing, selling, or destroying certain property maintained at the Children's Home.
- (10) Establishes the Indiana Soldiers' and Sailors' Children's Home Commission. Members of the Commission are not entitled to per diem, and members of the Commission who are state employees, not including a member of the General Assembly, are entitled to reimbursement for traveling expenses from the

member's state agency. The commission is required to meet at least once a month. Legislative Services Agency is required to provide staffing and administrative support for the Commission.

(11) Requires the Commission, before January 1, 2010, to submit a report to the Governor and the General Assembly. The Commission is required to make recommendations as to whether it is economically feasible to continue operation of the Children's Home after June 30, 2010, in an effective and efficient manner.

(12) Provides that a juvenile court may enter a dispositional decree concerning a Child in Need of Services (CHINS) ordering the Department of Child Services (DCS) to place the child in the Children's Home after the juvenile court considers: (1) the best interests of the child; and (2) the desirability of keeping the child with the child's siblings.

(13) Requires a school corporation, during a student's withdrawal exit interview, to advise the student's parent of services offered at the Children's Home. School corporations are also required to deliver information describing services offered by the Children's Home to a student's parent along with a notice of the right to appear at an expulsion meeting.

(14) Requires DCS, in consultation with the Department of Administration (DOA) and the Department of Homeland Security (DHS), to determine what modifications or repairs would be necessary in order to license a private entity to operate the Children's Home under a public-private agreement as a residential child care establishment. DCS is required to provide a report on this subject to the commission before August 1, 2009.

Effective Date: Upon passage; January 1, 2009 (retroactive); July 1, 2009.

Explanation of State Expenditures: *Soldiers' and Sailors' Children's Home Commission:* The Commission is required to meet a minimum of one time per month, or 12 times per year, beginning July of 2009. The expenses of the Commission are to be provided from funds appropriated to Legislative Council. This bill will increase state expenditures to provide travel reimbursement only to the state employees that serve on the Commission. Actual increases in state expenditures will depend on (a) the distance traveled by Commission members that are eligible for reimbursement and (b) reimbursement claims made by state employees that attend Commission meetings.

Continued Operation of the Indiana Soldiers' and Sailors' Children's Home: The bill requires the continued operation of the Children's Home by ISDH. For FY 2008, the Indiana Soldier's and Sailor's Children's Home experienced operational costs of \$10.2 M. The Children's Home reports that most of this was spent on salary for staff (\$9 M). The bill prohibits ISDH from adjusting personnel below staffing rates in the Children's Home that were effective on January 1, 2009. This will generally maintain the Children's Home's current personnel expenses. As of February 2009, there were 194 staff positions at the Home with 13 vacancies.

Collaboration for Modification Report: The bill requires the DCS, the DOA, and DHS to determine any modifications or repairs that are necessary to contract out the operations of the Children's Home. This will increase the workload of all three agencies. Additionally, by August 1, 2009, DCS is required to report any recommendations, modifications, and repairs that are necessary to contract the operations of the Children's Home through a public-private agreement to the Commission.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

[Note: For FY 2008, the General Fund received the following reversion amounts from each state agency; (1) DCS, \$7.1 M, (2) IDOA, \$29,000, and (3) DHS, \$421,000.]

Explanation of State Revenues: *Ordered Placement of Children in the Children's Home:* The bill allows a juvenile court to order the placement of a child in the Children's Home if the court deems it is in the best interests of the child. Currently courts can require either parents, guardians, or DCS to pay residence charges for children the court refers to the Children's Home; however, such actions are not currently codified. If this bill increases the likelihood that a court refers children to the Children's Home, tuition payments made to the school from parents obligated to pay may increase as well. Any increase in revenue to the Children's Home is indeterminable.

Explanation of Local Expenditures: *Transfer Tuition:* Two scenarios within the bill could affect school corporation expenditures. The two scenarios would involve a school placing their disruptive student in either:

- (1) another public school in another school corporation, or
- (2) a charter school.

The maximum tuition a public school can charge is the transfer tuition as calculated in IC 20-26-11-13(b). Transfer tuition is calculated by determining the cost of educating the student for the portion of the year the school educates the student minus state and local funding the school receives for the student. If a transfer occurred before the ADM count day in September, the removing school corporation (known as "A") would pay to the receiving school corporation (known as "B") an amount not exceeding school "B's" operating costs to educate the student less school "B's" regular program tuition support (regular support) for the student. However, if the transfer occurred after the count date, school "A" would be required to pay all of school "B's" cost to educate the student but school "A" would count the student in their ADM and would receive regular support for the student.

(Revised) *Schools Operated by Juvenile Courts:* The bill specifies that for court-assisted resolution of suspension and expulsion cases, a school that has legal settlement for a student that is placed in a school that; (1) is operated by the juvenile court with a population between 200,000 and 300,000 (Note: Currently, only St. Joseph County meets this requirement.), (2) offers accelerated classes for Grades 7 through 9, (3) existed before January 1, 2009, and (4) provides specialized tutoring, individual, group, and family counseling, and life skills training; is required to pay transfer tuition to the receiving school. Currently, St. Joseph County's juvenile court operates a juvenile justice center that would meet these requirements.

There are approximately 31 students that attend the Juvenile Justice Center in St. Joseph County for academic year 2008-2009. It is not currently known from which school corporations these students have legal settlement; however, assuming the average annual per student spending per year to be \$5,700 will yield a total fiscal impact of \$177,000 for local schools.

Background and Examples of Transfer Tuition:

Example 1- School corporation "A" removes a student before the ADM count date to school corporation "B" that has regular formula revenue of \$5,000 per student. School corporation "B" agrees to take the student and determines it would cost \$4,800 to educate the student. School Corporation "A" would pay \$0 to school corporation "B" because the cost to educate at school "B" (i.e., \$4,800) is less than "B's" formula revenue for the student (i.e., \$5,000).

Example 2- School corporation "A" removes a student before the ADM date and sends that student to school corporation "B", which has a regular formula revenue support of \$5,000 to educate that student. School corporation "B" determines an educational cost of \$5,500 for the student. Under the bill, school corporation "A" would pay school corporation "B" \$500 ($\$5,500 - \$5,000$) to take the student.

Example 3- School corporation "A" removes a student after the ADM count date and sends that to school corporation "B", school "A" would be required to pay school "B" the entire educational cost for the student. If "B's" cost was \$6,000, then school "B" would receive \$6,000 from school "A". If school "A" receives \$5,800 per student in regular formula revenue then school "A" net cost would be \$200 ($\$6,000 - \$5,800$).

However, if corporation "B" determines that a student they are receiving would have to be offered a special program (such as special education, vocational education, at-risk factors), the costs associated with educating this student would be higher than with just standard education.

Regular Support- For school year 2008, 99% of school corporations have regular support per average daily membership (ADM) ranging from \$4,845 to \$8,350. The average regular support per ADM for school year 2008 is about \$5,530.

Expulsions and Alternative Schools- For school year 2007 there were 5,905 students expelled from public schools and 417 students placed in alternative schools.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected: DCS, Indiana Department of Administration, Indiana Department of Homeland Security.

Local Agencies Affected: School corporations, local courts with juvenile jurisdiction.

Information Sources: DOE SAS and ORACLE DATABASES; State Budget Agency; Paul Wilkinson, Superintendent, The Indiana Soldier's and Sailor's Children's Home, 765-345-5141 ex. 250; Indiana State Court Administration.

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